



U.S. Department of Justice

*United States Attorney
District of Maryland*

*Thomas M. DiBiagio
United States Attorney*

*Vickie E. LeDuc
Public Information Officer*

*6625 United States Courthouse
101 West Lombard Street
Baltimore, Maryland 21201-2692*

*410-209-4800
TTY/TDD: 410-962-4462
410-209-4885
FAX 410-962-3091
Vickie.LeDuc@usdoj.gov*

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FOR IMMEDIATE RELEASE**

**FOR FURTHER
INFORMATION CONTACT
VICKIE LEDUC, AUSA
(410) 209-4885**

**CALIFORNIA ATTORNEY AND CORPORATION
CONVICTED OF TELEMARKETING FRAUD**

BALTIMORE, Maryland - United States Attorney Thomas M. DiBiagio announced that after a six week trial before U. S. District Judge Andre M. Davis, a federal jury today convicted Mark Forrest Cohn, age 49, a California attorney living in Woodside, California, and Four Star Financial Services, LLC of Los Angeles and South San Francisco, California, of mail fraud, wire fraud and conspiracy to commit mail and wire fraud. The charges arose from a telemarketing scheme that defrauded more than 31,000 consumers of over \$3.6 million.

Four Star is a California corporation specializing in lending and factoring to businesses. Mark Cohn is its general counsel and executive vice president. Four Star provided extensive loans throughout the 1990's to Joel Katz, a Baltimore telemarketer. Beginning in the summer of 1999, Mark Cohn caused Four Star to loan monies to Joel Katz to fund a telemarketing program offering a credit card or extension of credit to consumers.

Trial evidence showed that telemarketing representatives located in Baltimore and telemarketing rooms throughout the United States used scripts written by Joel Katz to speak with

consumers by telephone to persuade them to purchase a program called The Money Club, The Tele-Money Club, Smart Savers Club, Cash Card Club, Cash Card Express or National Consumers Benefits Club for \$49.95 to \$149.95. Consumers were told that they would receive benefits including a credit card for which the consumer had been “pre-approved,” a line of credit for which they were “approved right now over the phone for \$150,” and valuable coupons and discounts. The telemarketing representative would persuade the consumer to agree to the automatic debit of their bank account to pay for “club” membership. The package sent to consumers did not contain a credit card, but a list of banks to which the consumer could apply for a credit card, as well as a coupon book and CD rom which Katz purchased for \$3.47.

According to trial evidence, because Katz was not making satisfactory progress in paying off his debts to Four Star, Cohn and Four Star asserted greater control of the telemarketing program until late February 2000 when Cohn and Four Star effectively removed Katz. Cohn and Four Star continued to market the same program to consumers under the names National Consumer Benefits Club and Compass Benefits Club. Cohn and Four Star hired former Katz employees Jeffrey Augen, Judith Lugo, and Shawn Hatfield to work for them. In addition, Daniel Connor operated the telemarketing program for Four Star. To conceal its interest in the telemarketing program, Four Star told consumers that the “main offices” of National Consumers Benefits Club were located in Bedford, Texas, which was the location of a mail drop. In addition, Mark Cohn and Four Star caused National Consumers Benefits Club to be incorporated in the name of Shawn Hatfield, and Compass Benefits Club to be incorporated in the name of Daniel Connor.

This guilty verdict brings to conclusion a lengthy telemarketing fraud investigation conducted by the

Federal Bureau of Investigation and the U.S. Postal Inspection Service. In addition to today's convictions, co-defendants, Jeffrey Augen, age 60, of Baltimore, Maryland, Shawn Hatfield, age 35, of Pinellas Park, Florida and Daniel Connor, age 38, of Milford, Connecticut, previously pled guilty to mail or wire fraud. Two other co-defendants were convicted after lengthy trials in May 2002: Joel Katz, age 64, formerly of Ruxton, Maryland is presently serving 97 months in prison for money-laundering, mail and wire fraud charges, and conspiracy arising from the same telemarketing fraud; and Judith Lugo, age 34, formerly of Yonkers, New York is presently serving 51 months in prison on conspiracy and mail and wire fraud charges. Hatfield, Connor and Augen will be sentenced this summer.

Cohn faces a maximum sentence of 5 years and/or \$250,000 on each of the 50 counts plus restitution to the victims. Four Star faces a financial penalty of \$500,000 for each of the 50 counts and restitution. Sentencing is scheduled for Monday, September 15, 2003 at 10:00 a.m.

United States Attorney Thomas M. DiBiagio gave special thanks to the consumers who complained about this fraud to the consumer protection agencies in their home states, their State Attorneys General or their local Better Business Bureaus. "The willingness of these individuals to make these written complaints or to send in their complaints by e-mail provided a great benefit to other consumers. The level of complaints was instrumental in bringing this case to the attention of federal authorities and causing the investigation to be opened in the first place," according to DiBiagio.

The case was investigated by the Federal Bureau of Investigation and the U.S. Postal Service, and prosecuted by Assistant U.S. Attorneys Joyce K. McDonald and Robert R. Harding.